New measures of ageing and policy implications

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Doom and gloom

China’s Aging Population Is a Major Threat to Its Future

South Koreans Aren’t Marrying or Even Dating, Report Says

South Korea Aims to Turn Around ‘Extreme’ Birth Rate Crisis
OADRs in EMs

East/South/SE Asia
- China
- India
- Indonesia
- Malaysia
- Pakistan
- Philippines
- Thailand

Latin America
- Argentina
- Brazil
- Chile
- Colombia
- Mexico
- Peru

Middle East and North Africa
- Egypt
- Jordan
- Tunisia
- Turkey

Other
- Poland
- Russia
- South Africa
A range of ‘better’ concepts and measures

• Measurement suites
  – NTA
  – Pensioner-worker ratio; pension cost dependency ratios
  – Health care cost old-age dependency ratios
  – Economic dependency ratios
  – Prospective measures

• Paradigms
  – ‘Demographic metabolism’
  – Compression of morbidity
  – Second Demographic Dividend
Trade-offs

• Comparative vs specific
  – Generation of data; protocol?
  – E.g. pension systems?

• Retrospective/current vs prospective
  – Assumptions? Consistency?
  – Certainty of population projections by age/place

• Ease of interpretation (for policymakers)
  – NTAs?

• Feedback and dimensions
  – Pensions, health and welfare
What can you do with them?

• **POADR:**
  – Misinterpreted ‘retire at 75??’ 😱
  – ‘Nice, but too theoretical, hypothetical’

• **NTA**
  – Tells us about now, but what about the future?

• **Pensioner-worker ratios**
  – Hugely complex fiscal econometrics
  – *Economists laugh at demographers!*
Maybe my imagination…

- Between demographers and other stakeholders
  - Measuring and estimating demand
  - Above PLUS broader aspiration for how society should/could be?
A theory of change approach?

1. Define desired impact
2. Draw up Theory of Change
3. Select outcome(s)
4. Select outputs(s)
5. Validate it
6. Turn it into a narrative

Problem Analysis
List & cluster required outcomes
Arrange outcomes in a logical order
Identify feedback loops
Can we reconcile?

• ‘Silver tsunami’
  – Intuitive, easy to sell
  – Gets research money; sells newspapers
  – Fundamentally inaccurate

• New measures
  – More dynamic and positive; harder to explain

• Theory of change/end point approach
  – Aspirational? Data as baseline and evaluation
  – Universal applicability?
What do actually want of these measures?

• What is the point of a projection/forecast?
• To show the nature of challenge ahead
  – *What we need to ‘manage’*
  – *Passive*
• To elicit a response?
  – *Bring a slow-moving issue into sharp focus?*
The uni-dimensional, ‘closed loop approach’

Demographic ‘Problems’

Demographic ‘Causes’

Demographic ‘Solutions’
An alternative, integrated view

Population  

Characteristics

Institutions
Applied to China

Population
- Stagnation and decline; fewer children

Institutions
- Major reform of systems of childbearing and parenting?
- Tackle consequences: Productivity; pension systems; healthcare; filial piety; etc

Characteristics
- Healthier, better educated, able to save more: **potential for productivity gains and ‘demographic metabolism’**
- BUT: high un(der)employment; challenges of productivity gains [reform institutions?]

(Offset thru BRI?)
A fundamental problem

- Static, independent measures

- *Dynamic, interdependent issues*
  - POADR more dynamic, but still holds some aspects constant

- Variable outcomes
- Uncertainty; feedback effects
- Almost impossible to model correctly
A possible way forward?

• A two-dimensional approach
  – We have to do x because that’s what the forecasts say
  – We want y, so we have to do x to get there

• Multiple prongs
  – Different measures for different people
  – Integrate different messages
  – Need for both REACTIVE and PROACTIVE policies
Recognising a multi-dimensional future

• Embrace uncertainty and interdependence

• Scenarios
  – SSPs (Shared Socioeconomic Pathways)
  – IPCC, IIASA?

• **Translate** qualitative storyline into quantitative measure or forecast?
  – *Build upon assumption after assumption*

• Some scenarios more favourable than others
(Half) conclusions

- Recognise different values of different measures for different people
- Demand – aspiration – uncertainty
- Known knowns, known unknowns etc

- Embrace uncertainty and interdependence
- Scenarios can be helpful mid-way
To be iconoclastic

• Why do we bother with measuring ageing?
• Too many variables, too many differences

• Pensions, dementia, social security…

• Or mainstreaming ageing?
Dealing with uncertainty

• No. of 75-year old Japanese men
  – With heart disease
  – Still driving a car
  – With disposable income of x

• GDP growth; tax receipts;

• Concepts like dependency? Welfare systems

• Danger we craft future according to forecasts; make them come true!
Compression of morbidity

Baseline scenario: Morbidity onset at age X and death at age Y

Morbidity Compression: Faster delays in morbidity onset than increases in survival

Morbidity expansion: No change in morbidity onset but survival increases

Morbidity expansion: Slower delays in morbidity onset than increases in survival

Morbidity expansion: Earlier morbidity onset and increases in survival
At a whole population level
Standard critique of ‘age boundary’ based measures

• **Poor specification of ‘problem’**
  – What happens at 65?

• **Poor specification of populations**
  – All >65 dependent?
  – All 18-64 in work?

• **Generalizability**
  – Assumes formal support systems?

• **Ignore dynamic change over time**
  – Health, wellbeing, education, longevity, LE
The uni-dimensional, ‘closed loop approach

Demographic ‘Problems’

Demographic ‘Causes’

Demographic ‘Solutions’
The ‘silver tsunami’: Policy paralysis?

Inevitable; overwhelming; slow moving, existential threat
The problem with that...

• Policies are not really working
• Or are impossible to operationalize (replacement migration)
• Children don’t work (and divert resources)
• Uneven cohort
• Cost (political and economic)
• Assumes a ‘optimum’
  – Population size; distribution etc